

BEFORE THE IDAHO BOARD OF TAX APPEALS

ESKRIDGE TRUST,)	
)	
Appellant,)	APPEAL NO. 14-A-1058
)	
v.)	FINAL DECISION
)	AND ORDER
BONNER COUNTY,)	
)	
Respondent.)	
)	
)	
)	

RESIDENTIAL PROPERTY APPEAL

This appeal is taken from a decision of the Bonner County Board of Equalization denying the protest of valuation for taxing purposes of property described by Parcel No. RPD00000322415A. The appeal concerns the 2014 tax year.

This matter came on for hearing September 24, 2014 in Sandpoint, Idaho before Hearing Officer Travis VanLith. George Eskridge appeared at hearing for Appellant. Assessor Jerry Clemons represented Respondent.

Board Members David Kinghorn, Linda Pike and Leland Heinrich participated in this decision.

The issue on appeal concerns the market value of an unbuildable waterfront parcel.

The decision of the Bonner County Board of Equalization is affirmed.

FINDINGS OF FACT

The assessed land value is \$102,347, and the improvements' valuation is \$12,050, totaling \$114,397. Appellant contends the correct land value is \$54,585, with the improvements' value to remain at \$12,050, totaling \$66,635.

Subject is one (1) of four (4) unbuildable, waterfront parcels accessed by a dead end road which also serves the four (4) residences that go with the waterfront parcels. The

subject parcel is 0.038 acres in size with an effective water frontage of 63.91 feet. Most of the parcel's surface area is located below the high water level. The parties described subject as a small, unbuildable waterfront parcel located in Dover, Idaho. This type of parcel is oftentimes referred to as a picnic lot. Improvements on subject include a boat dock and deck area. Appellant also owns the developed parcel situated uphill (upbank) from subject and across the small dead end roadway. The 2014 assessment of the upbank developed parcel, improved with Appellant's residence, was not appealed.

Appellant commented on the land residual calculation performed by Respondent on a comparable sale located directly next to subject. This sale property had the same basic configuration as subject, i.e. a residence parcel located across the roadway from the waterfront picnic lot. Appellant, a real estate broker, described the sale as one following a year-long listing that resulted in a short sale. Appellant contended the amount Respondent deducted for the residence was too low, and therefore overstated the residual value credited to the picnic lot. Respondent noted much of the residence was removed and replaced following the sale. The full sale price in January 2013 was \$535,000. Appellant argued the comparable's cedar fencing, back deck, Jacuzzi tub, 3-car garage with heated floor, and other features supported a higher value for the residence portion of the sale. In explaining a higher residence value, reference was made to the assessment information from nearby properties and a prior year's assessed value for subject.

Appellant also argued the price for the above comparable sale was inflated where the buyer was not planning to live in the residence, but instead would pursue using the property as a vacation rental. The commercial-like use, compared to a primary residence use, was

said to support a higher residence value.

Three reasons were listed by Appellant as to why subject's assessment was not realistic. A summary follows:

- 1) Subject is not a normal waterfront property due to its steep bank, nonbuildable status, and the very limited area at the top of the bank,
- 2) Respondent's negative 55% adjustment for subject's nonbuildable status was inadequate when applied to the sale price rates reflected by buildable waterfront sites in subject's neighborhood, and
- 3) Other properties located downstream are more comparable to subject for the purpose of establishing value.¹

For its 2014 market study, Respondent found information on four (4) 2013 waterfront sales in subject's neighborhood. Associated details were provided for each of the sales such as photographs, maps, sale date and price, dimensions and analysis. One (1) comparable was the sale discussed above which was located directly next to subject and included an unbuildable waterfront parcel.

Respondent's other three (3) sales involved vacant, buildable waterfront sites located a couple parcels away from subject. The sales were analyzed to isolate the waterfront value, i.e. the indicated price per front foot. The sale immediately next to subject had a somewhat larger water frontage than subject, about 128 front feet versus subject's roughly 64 front feet. Respondent's analysis of the sale showed a price rate of \$1,619 per front foot. On a like basis subject's assessment, after the site grade was downgraded for size and after making a 55% reduction for non buildable status, demonstrated an assessed value rate of \$1,601

¹ The parties went into some detail discussing the comparability of certain downriver waterfront picnic lots and the subject. One of the downriver lots sold together with a residence parcel which residence was located upbank and to the other side of railroad tracks and the highway.

per front foot.

The buildable waterfront sales yielded the following information:

Comp. No.	Sale Price	Front Feet (FF)	Price/FF
2	\$615,000	220	\$2,795
3	\$525,000	111.48	\$4,709
4	\$540,000	112	\$4,821

Respondent described the valuation of subject and its near neighbors as challenging in prior years. This was due to having to use less than desirable comparable sales. Whereas for 2014, Respondent argued the available information from the four (4) recent and immediate sales most certainly established the market values for subject's waterfront area.

CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value, or as applicable exempt status. This Board, giving full opportunity for all arguments and having considered all testimony and documentary evidence submitted by the parties in support of their respective positions, hereby enters the following.

Idaho Code § 63-205 requires taxable property be assessed at market value annually on January 1; January 1, 2014 in this case. Market value is defined in Idaho Code § 63-201, as,

"Market value" means the amount of United States dollars or equivalent for which, in all probability, a property would exchange hands between a willing seller, under no compulsion to sell, and an informed, capable buyer, with a reasonable time allowed to consummate the sale, substantiated by a reasonable down or full cash payment.

This is a land value question where there is no dispute on the value contribution of

the improvements. The subject property is first a waterfront property. Importantly, it is also small in size and cannot be improved with a residence. The record reveals the site has good access and other desirable characteristics.

The appraisal of land like the subject site is accomplished through a consideration of recent sales of comparable property. Normally the availability of good comparable sales for so called picnic lots is limited, making for a relatively challenging valuation. However here, like Respondent, the Board finds there were good comparable sales available. There were four (4) recent, waterfront sales all located in subject's immediate vicinity. One (1) of the sales included a picnic lot very similar to subject. Nonetheless, the consideration of this comparable sale to derive the waterfront value was still somewhat subjective.

In contrast with Respondent's consideration of the above-referenced sales, Appellant asked the Board to consider information from the assessments of other property and to some extent the sale of a picnic lot located about three (3) miles down river. Though a comparison can be made with the subject, an assessed value is not a comparable sale. Assessment information, or valuations derived from such information, is not considered to be strong evidence of market value, nor is the analysis of such information a recognized appraisal approach to value.

Respondent's analysis of subject's market value, and in particular subject's waterfront, was appropriately based on an analysis of multiple, recent sales of proximate and comparable waterfront property. The adjustments for small size and nonbuildable status produced a value estimate that appeared reasonable in relation to the larger or buildable sites.

Appellant offered a differing analysis together with detailed information about subject and other properties. At the center of Appellant's valuation were references to other assessments and a reliance on assessment information. Appellant did not make a detailed consideration of recent comparable sales. The Board found Respondent considered subject's important value factors in its appraisal. In the end, Appellant did not present a better analysis of subject's current market value.

In appeals to this Board, the burden is with Appellant to prove error in the county's assessment by a preponderance of the evidence. Idaho Code § 63-511. That burden of proof was not satisfied in this instance. Therefore the decision of the Bonner County Board of Equalization will be affirmed.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Bonner County Board of Equalization concerning the subject parcel be, and the same hereby is, AFFIRMED.

DATED this 15th day of December, 2014.